



# WE GO BEYOND TO ENABLE TRANSFORMATION

Company Presentation Q4 / FY 2023



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1. **Evonik at a glance**
2. Executing well against a difficult market backdrop
3. Financial performance Q4 / FY 2023

# Evonik at a glance

**€15.3 bn**

Sales

**€1.7 bn** (10.8%)

Adj. EBITDA (margin)

**€801 m** (48%)

Free Cashflow (conversion)

**€1.17** (>6%)

Dividend (yield)

**LEADING  
BEYOND  
CHEMISTRY**

## Specialty Additives

Small amount –  
big effect



## Nutrition & Care

Life at heart.  
Systems in mind.  
Partners at hand.



## Smart Materials

We find solutions  
for the needs  
of today and tomorrow



# Evonik well positioned as enabler of transformation

## ENSURE HEALTH & WELL-BEING

### DRUG DELIVERY SYSTEMS

- ⊕ Advanced oral & parenteral drug delivery systems (e.g. mRNA LNP)



### FUTURE MOBILITY

- ⊕ Lightweight solutions
- ⊕ Solutions for hybrid & full battery cars



## FIGHT CLIMATE CHANGE

### SPECIALTY ADDITIVES

- ⊕ for environmentally-friendly solutions, e.g. water-based artificial leather



### ENVIRONMENT & UTILITIES

- ⊕ Membranes for biogas separation / hydrogen
- ⊕ New process catalysts



## WE GO BEYOND TO ENABLE TRANSFORMATION

### CIRCULAR ECONOMY

- ⊕ Circular plastic & PU additive solutions
- ⊕ Specialty hydrogen peroxides solutions



### BIO-BASED SOLUTIONS

- ⊕ Bio-based & fully bio-degradable surfactants
- ⊕ Natural active cosmetics ingredients



### SUSTAINABLE NUTRITION

- ⊕ Omega-3 fatty acids from natural marine algae
- ⊕ Gut health solutions



## DRIVE CIRCULARITY

## SAFEGUARD ECOSYSTEMS

# Next Generation Evonik: Our strategy

Three major strategic levers...

... with sustainability fully integrated ...

... delivering on ambitious targets

## Next Generation Portfolio

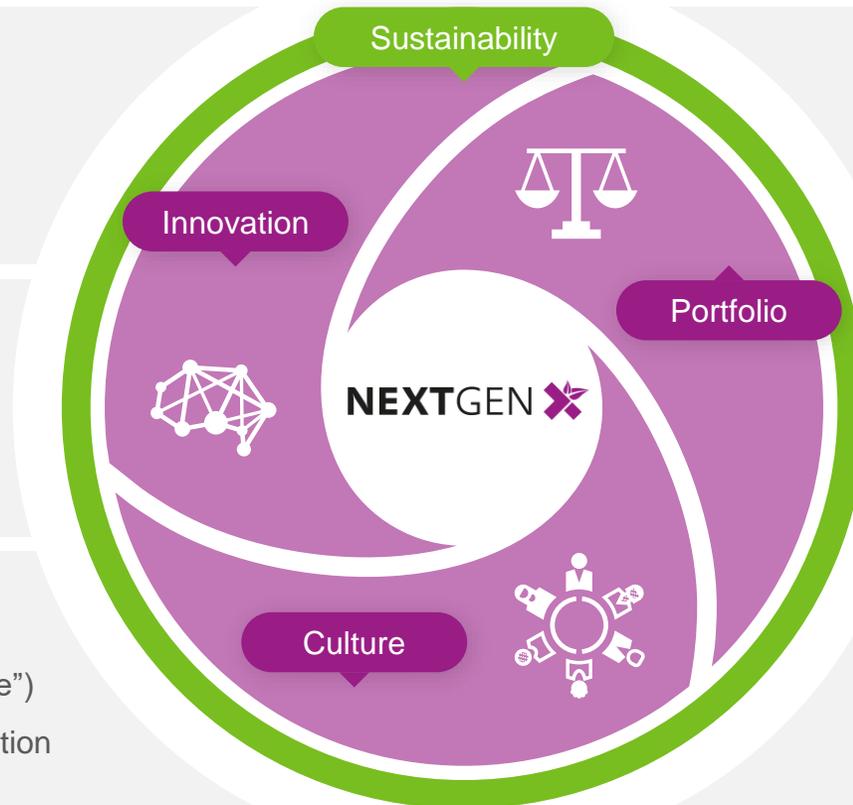
- + Exit Performance Materials division
- + Full focus on three attractive growth divisions

## Next Generation Innovation

- + €1 bn new sales from Innovation Growth Fields by 2025 driven by new products such as membranes or rhamnolipids

## Next Generation Culture

- + Employee empowerment (“Evonik Tailor Made”)
- + ESG targets integrated into mgmt. compensation



## ESG Targets<sup>1</sup>

- + >50% sales share of **NEXTGEN Solutions** ✦
- + -25% CO<sub>2</sub> emission reduction, e.g. via **NEXTGEN Technologies** ✦

## Financial Targets

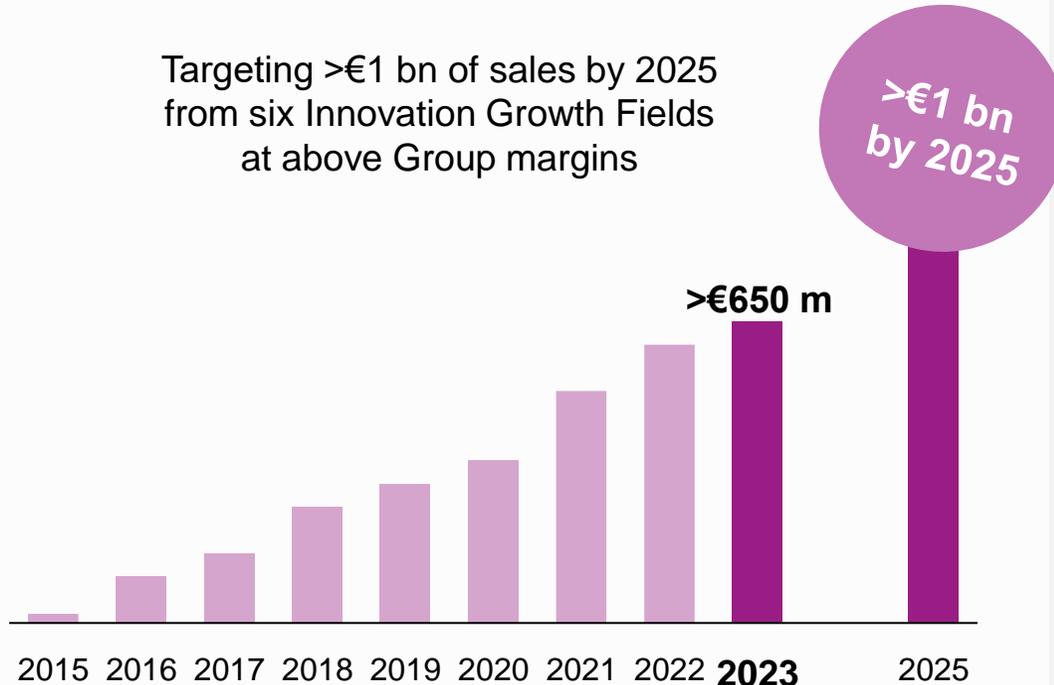
- + Organic growth >4%
- + EBITDA margin 18-20%
- + ROCE ~11%
- + FCF Conversion >40%

1. Until 2030

# Customer-centric innovation as part of our DNA

## Innovation Growth Fields (sales in € m)

Targeting >€1 bn of sales by 2025 from six Innovation Growth Fields at above Group margins



### Cosmetic Solutions

- Expanding portfolio of innovative active cosmetic ingredients



### Healthcare Solutions

- e.g. lipids for mRNA-based therapies
- US production facility under construction



### Membranes

- For separation of biogas or the extraction of hydrogen
- New capacities coming 2025

# Sustainability integrated in portfolio and strategic management processes

## Excellent Rankings



### Sector leading rankings

Evonik leading in most relevant ratings – “AA” MSCI ESG, “Top 5%” Sustainalytics, EcoVadis “Gold”, “B-” ISS Oekom and “A-” CDP

## Environmental Targets



reduction of scope 1 and scope 2 emission until 2030 (vs. 2021)

### Ambitious environmental targets

Evonik’s sustainability strategy with ambitious targets  
Evonik will be climate neutral by 2050

## Portfolio Management



### Portfolio aligned to sustainability

Sales share with solutions with a clearly positive sustainability profile; target of >50% by 2030

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# Executing well against a difficult market backdrop

## Short-term self-help measures

Contingency measures in 2023 & 2024  
Business optimization programs  
NWC and capex discipline

## Mid-term strategy execution

Portfolio transformation  
Reorganization: Evonik Tailor Made  
Innovation and NGS growth

**Earnings growth in 2024**

**Sustainably strong cash generation**

**Attractive & reliable dividend**

**Green transformation of portfolio and production**

**Innovation for future growth**

# Contingency measures in 2023 & 2024: €250 m savings to safeguard financial performance



Personnel



Operations



Others

## Measures driving H2 ramp-up

### *Personnel*

- Hiring freeze: all vacant positions to be filled internally

### *Operations*

- Optimizing logistics & packaging
- Discipline in maintenance

### *Others*

- Trainings & seminars cancelled or postponed
- Travelling reduced to the minimum

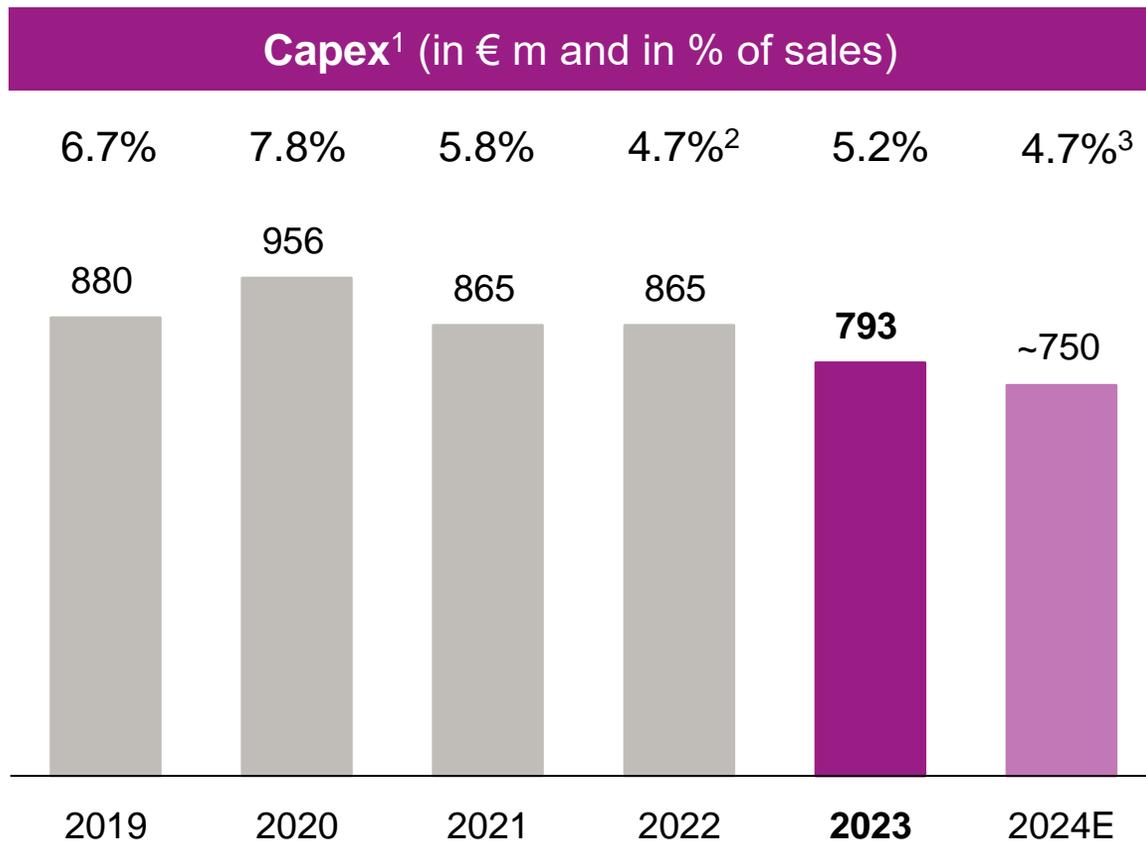
Short-term  
self-help  
measures

# Business optimization programs: Strengthening long-term competitiveness of Animal Nutrition business



## Capex discipline:

### Targeted investment approach supporting cash track record



#### Capex constantly lowered over recent years

- Larger capex projects (e.g. PA12 or Methionine) completed
- Current low utilization rates enable growth without larger new investments

#### More targeted investment approach

- Leveraging government support where possible (e.g. lipids in the US, aluminum oxide in Japan)
- Focusing capex on attractive growth areas (e.g. biosurfactants, lipids, battery materials)

1. Cash outflow for investment in intangible assets, pp&e | 2. Sales inflated by prices | 3. At mid-point of sales guidance range of €15-17 bn in FY 2024

# Portfolio transformation: Two steps in divesting Performance Materials done



Functional Solutions



2023



Superabsorber



2024

## Reorganization: Evonik Tailor Made:

Started in October; 1st phase now completed; €400 m savings target

### Overarching idea of Evonik Tailor Made

#### Business Lines as “nucleus” of Evonik

through shifting of responsibilities  
from corporate or division level

#### Empowerment of individual employees and faster decision making

through reduction of hierarchy levels, increasing management  
span and cutting tasks without direct business relevance

# €400m

First smaller savings in 2024;  
majority of savings in 2025 and 2026

#### Personnel costs

~80%

- Reduction of up to 2,000 employees by end of 2026
- Majority in administration & other support functions, remaining from business organizations
- Over-proportionally high number of management positions
- Max. 6 hierarchy levels below C-level (down from currently up to 10); management span<sup>1</sup> increasing from 1:4 to 1:7

#### Non-personnel costs

~20%

e.g.:

- Agency & consulting costs
- Sport sponsoring

1. Number of employees per leadership position

## Innovation and NGS growth:

New products and applications to drive share of sustainable products up

Improving our  
handprint:  
Increasing share of  
“Next Generation  
Solutions”<sup>1</sup>

**NEXTGEN** 

2020	37%
2023	43%
2030	>50%

2024

**First industrial-scale rhamnolipid biosurfactant plant**  
for household & personal care

2025

**Lipid production facility for mRNA-based therapies** in the U.S.

1. NGS: “Next Generation Solutions” include “Leader” (A++) and “Driver” (A+) products and solutions = products with superior sustainability benefits compared with the market standard

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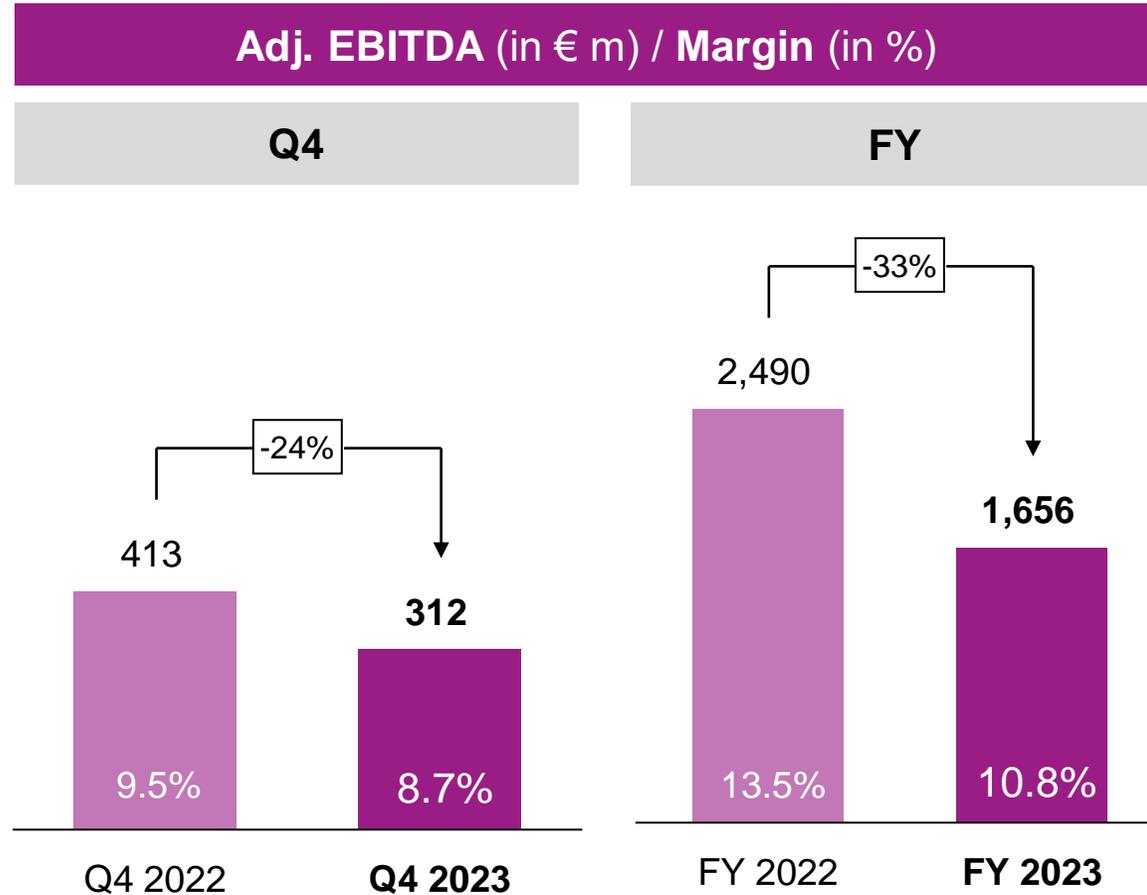
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## Q4 2023 results overview

Sales (in € m)	Adj. EBITDA (in € m)	Free cash flow (in € m)	Adj. EPS (in €)
<p><b>3,604</b></p> <p>(Q4 2022: 4,340)</p>	<p><b>312</b></p> <p>(Q4 2022: 413)</p>	<p><b>515</b></p> <p>(Q4 2022: 603)</p>	<p><b>-0.12</b></p> <p>(Q4 2022: 0.20)</p>
<p>Volume effect yoy (-2%) less negative than in Q3; pricing effect yoy (-5%) on similar level as in Q3</p>	<p>Impacted by around -€50 m exceptional headwinds</p>	<p>Strong NWC and capex discipline resulting in record-high cash conversion of 48% for the full year</p>	<p>Impacted by more negative financial result and extraordinarily high tax rate</p>

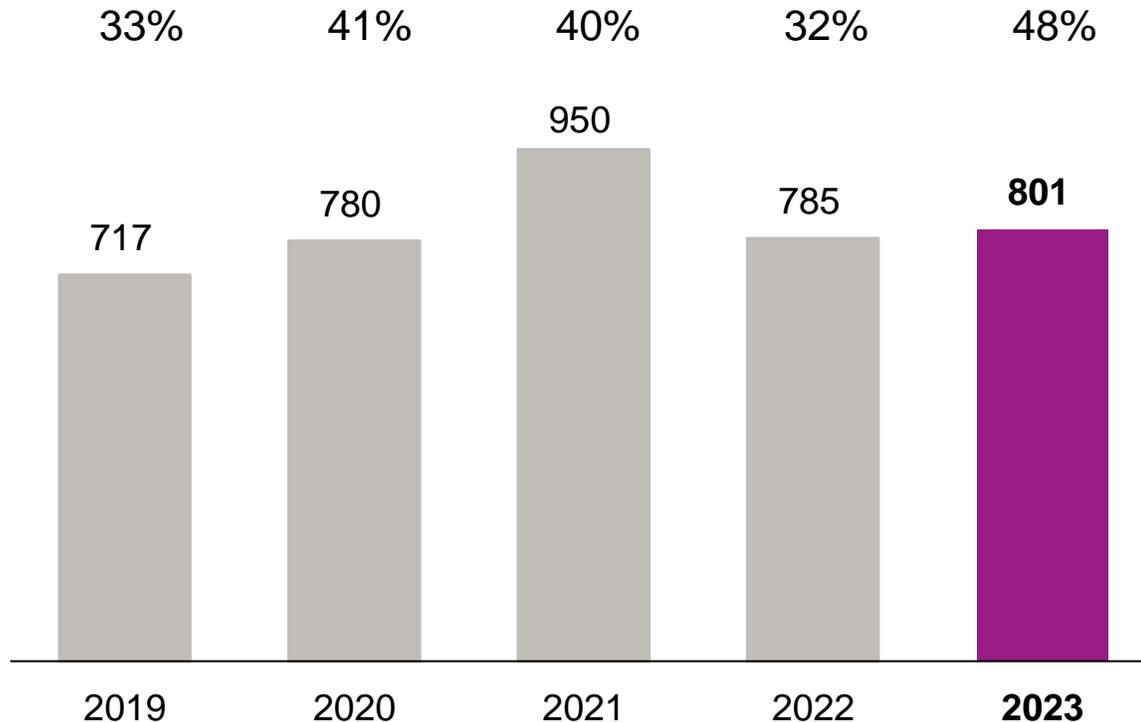
# Adj. EBITDA development in 2023



- **Operational headwinds** in Q4
  - Volumes in kt even lower qoq
  - Prices -5% yoy vs. -6% in Q3: positive price trend in Animal Nutrition compensates yoy slightly lower prices in Specialty Additives and Smart Materials
  - NWC (esp. inventory) optimization with negative EBITDA effect
  - Planned shutdown of methionine plant in Singapore
- Additionally, Q4 impacted negatively by around **-€50 m exceptional headwinds**
  - Argentinian Peso devaluation and hyperinflation accounting (in “Other”)
  - Inventory devaluation in PM

# Free Cash Flow: Strong track record in absolute terms and %-conversion

## Free Cash Flow (in € m) / Cash Conversion Rate (in %)



### Track record of strong and stable cash generation

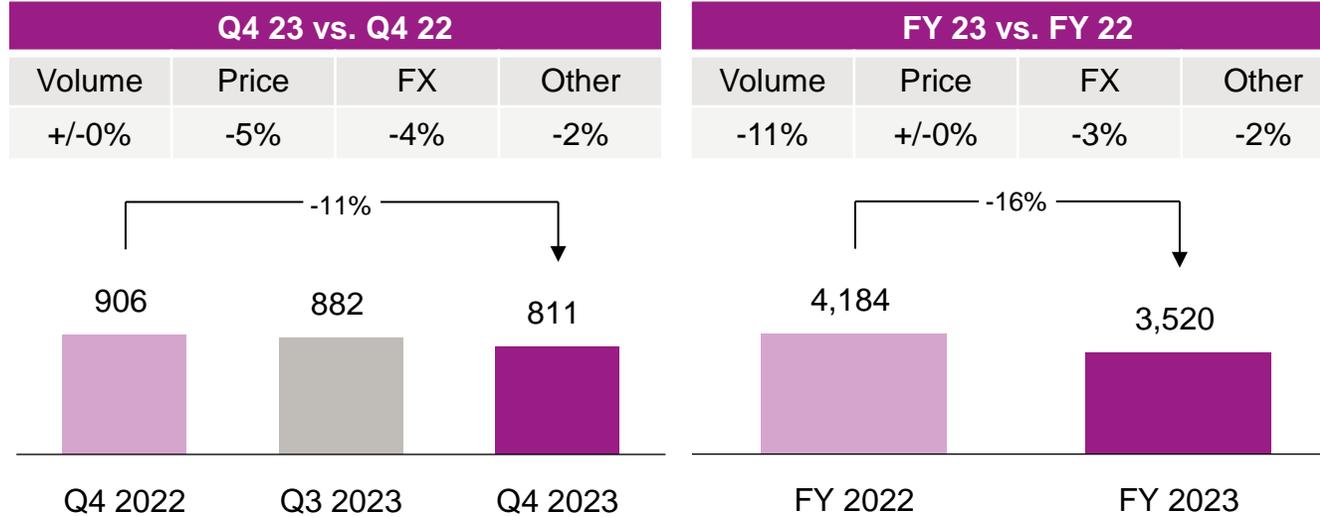
- >€700 m FCF and >30% CCR in each of last five years
- Average cash conversion rate of 39%

### FY 2023

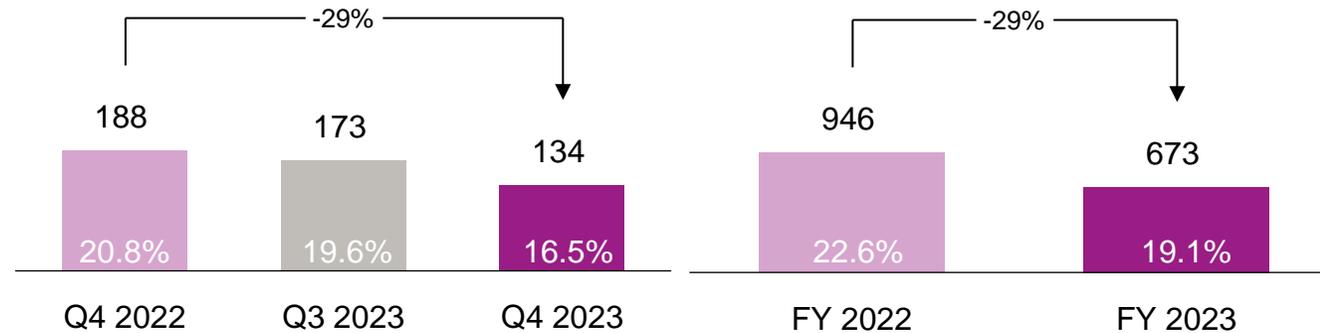
- Stable FCF despite >€800 m lower adj. EBITDA
- >€700 m positive cash impact yoy from stringent NWC management

# Specialty Additives

**Sales**  
(in € m)



**Adj. EBITDA / margin**  
(in € m)  
(in %)



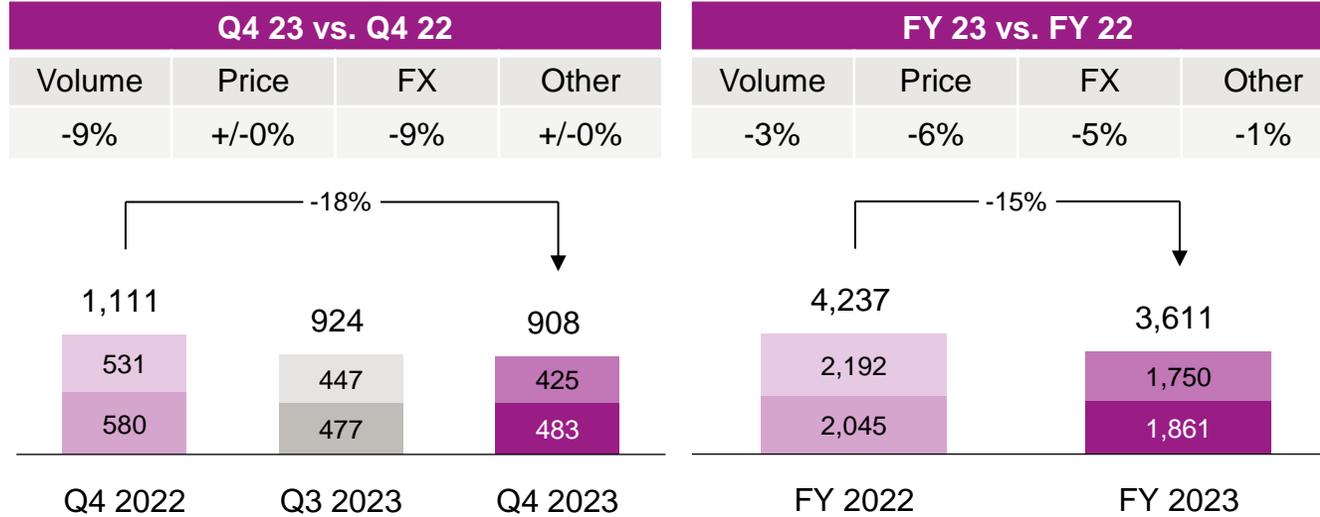
- Volumes in kt seasonally lower vs. Q3 but stable yoy following four quarters in a row with double-digit lower volumes
- Continued margin pressure from low plant utilization; reacting with capacity adjustments of selected plants
- Increasing competitive environment in Crosslinkers weighed on profitability in Q4 – also a factor to watch in 2024
- Positives: PU, Coating and Oil Additives with robust performance around prior-year level – expecting a pick-up into 2024 in these businesses



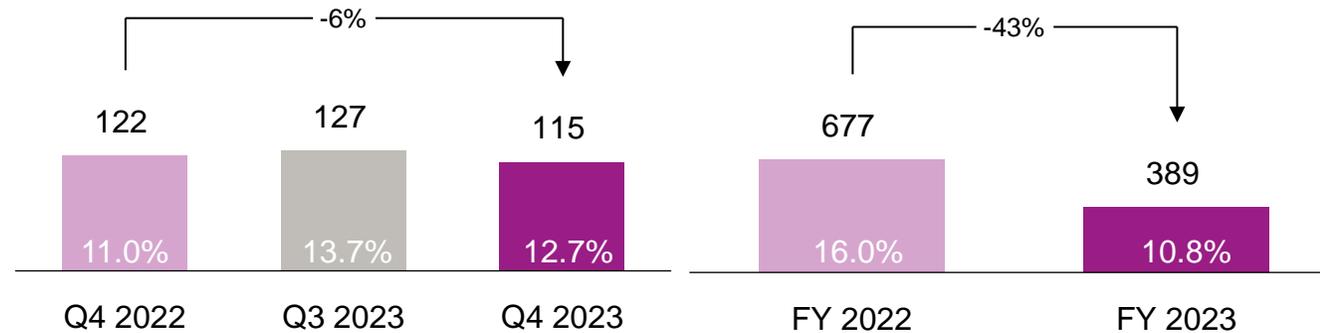
# Nutrition & Care

## Sales (in € m)

Animal  
Nutrition  
---  
Health &  
Care



## Adj. EBITDA (in € m) / margin (in %)



- Care Solutions: Q4 with seasonal slowdown in Cleaning Solutions and Base Ingredients; Sustainable Specialties remain strong
- Health Care: strong Q4 with expected year-end catch-up
- Animal Nutrition:
  - Weaker volumes (qoq) and negative effect from maintenance costs & inventory reduction as result of expansion shutdown in Singapore
  - Positive pricing momentum in Q4; further clear contract price step-up on higher volumes in Q1 2024

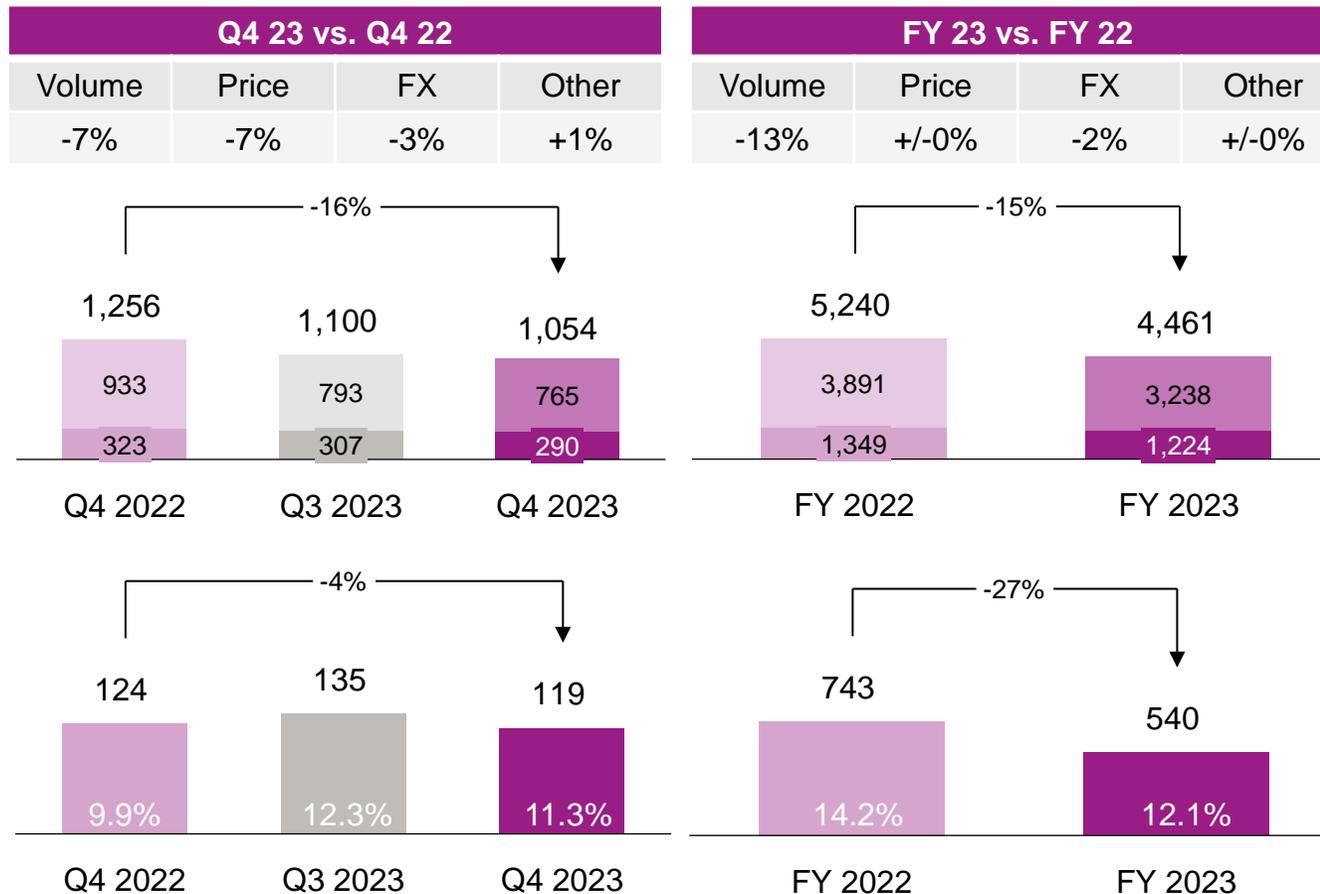


# Smart Materials

## Sales

(in € m)

Inorganics  
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Polymers

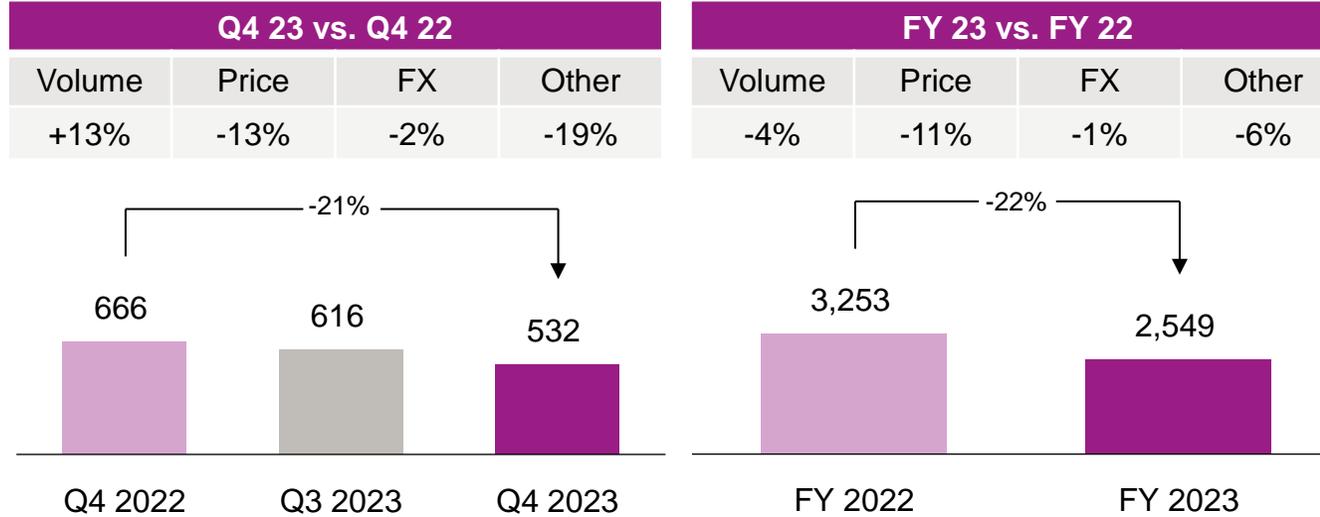


- Volumes reflecting weak environment and especially impacted by NWC optimization (own & customers) at year-end
- Lower pricing to pass on decreasing raw material costs
- Almost stable adj. EBITDA yoy and less seasonal decline qoq, based on
  - Positive momentum in specialty silica
  - Improving Active Oxygens business (based on lower energy costs)
  - Limited by weaker other businesses (e.g. Silanes & Catalysts) and year-end destocking in PA12



# Performance Materials

**Sales**  
(in € m)



**Adj. EBITDA / margin**  
(in € m)  
(in %)



- Overall lower volumes towards year-end (customer destocking, weak end market demand and weak competitiveness of customers)
- MTBE margin down (gasoline winter specification) and normalized on still decent levels, however below average 2023 levels
- Butadiene: Some margin recovery from very low levels but still high pressure and no sign of demand recovery
- Apart from seasonal and operational decline, majority of sequential EBITDA reduction explained by inventory devaluation effects

# Assumptions for FY 2024 outlook

## Supporting factors

### Self-help measures extended

- Contingency measures to be continued in 2024
- First smaller savings from “Evonik Tailor Made”
- Operational efficiency programs (esp. in Animal Nutrition) ramping up further

### Animal Nutrition with stronger H1

- Methionine contract price on healthy level at least during H1

## Factors to consider

### Conservative macro assumptions

- Global GDP growth below 2023 level (2.3% vs 2.7%)
- Geo-political uncertainties to persist
- No pronounced demand recovery in end markets

### Procurement

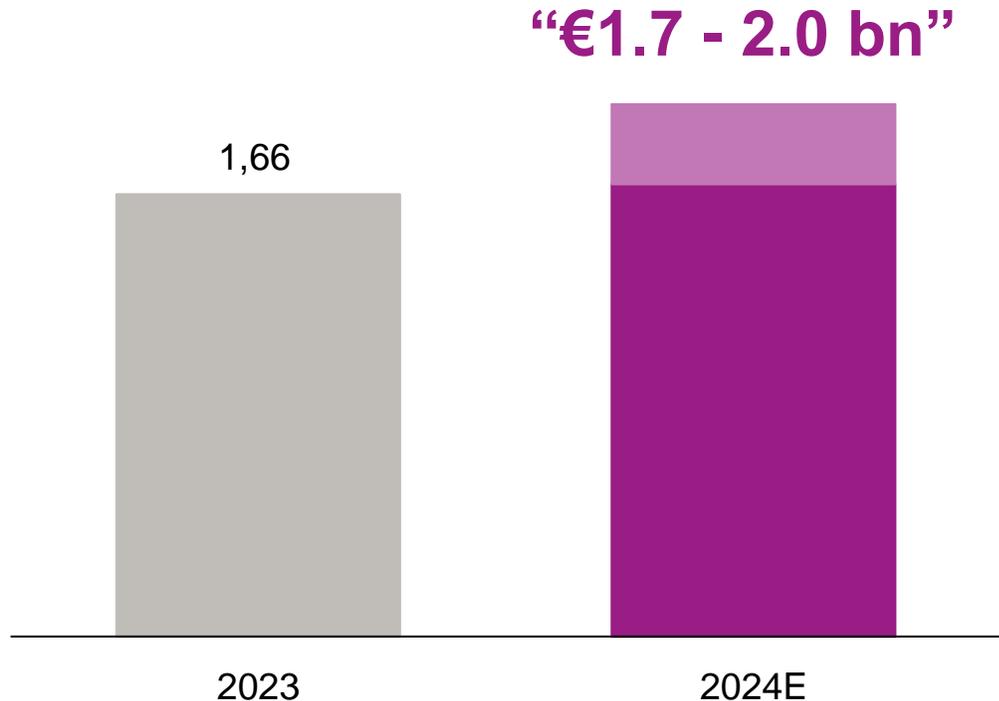
- Energy costs only slightly lower due to long-term hedging
- Raw material basket expected to move sideways
- Logistic costs with significant relief (high double-digit m €)

### Others

- Higher bonus provisions expected (yoy)

# Adj. EBITDA: Growth expected despite conservative macro assumptions

Adj. EBITDA (in € bn)



## By division

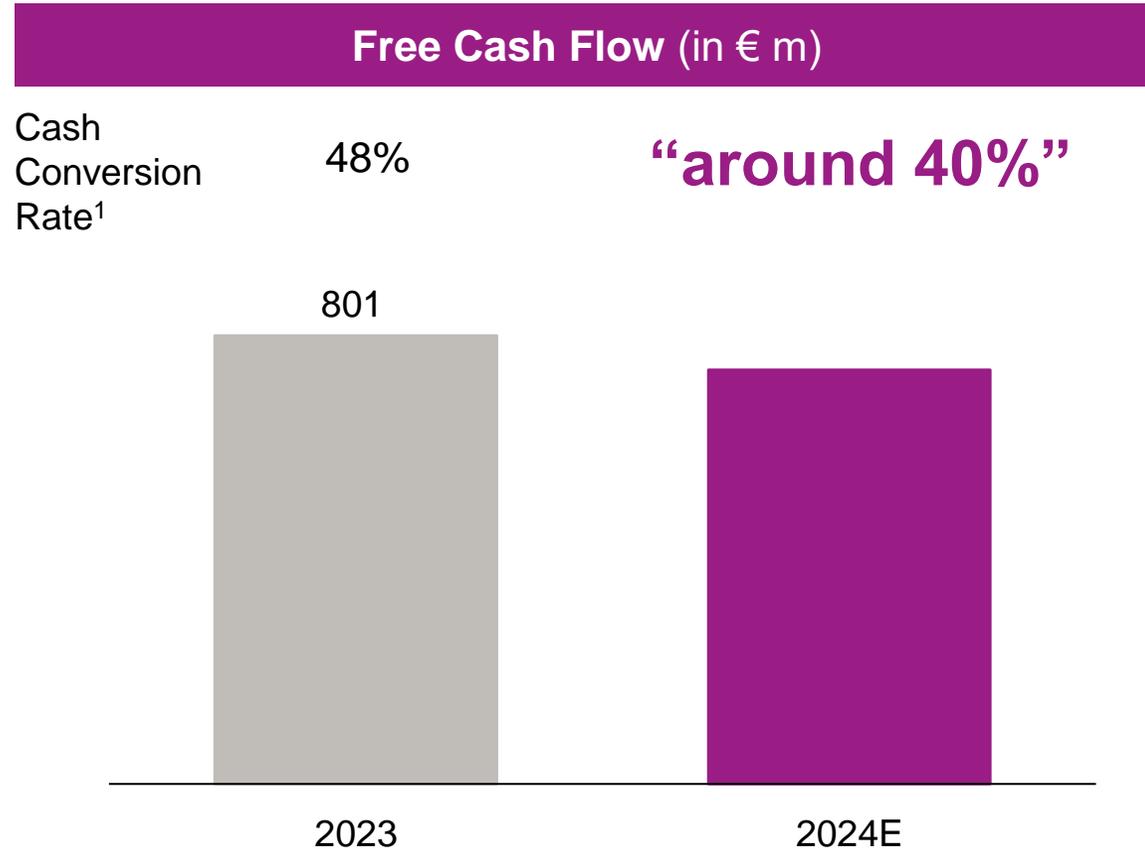
- Specialty Additives & Smart Materials: Assumption of no pronounced end market recovery
- Nutrition & Care: “Considerably above prior-year level”
  - Methionine contract price with healthy price level at least during H1 and additional savings from change in business model
  - Growth in Care Solutions
- Performance Materials: Continued low demand, only modest recovery expected

## Q1 2024

- Adj. EBITDA expected above prior-year level (Q1 2023: €409 m)

Unchanged portfolio vs. year-end 2023 (Performance Materials incl. Superabsorber)

# Free Cash Flow: Again targeting ~40% conversion

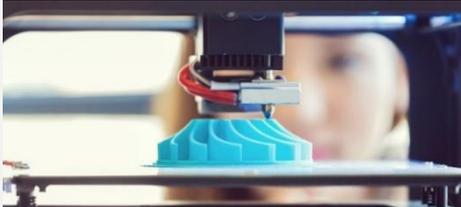


**Building blocks for FCF development**

- yoy better **operating result** as starting point
- Continued **capex**<sup>2</sup> discipline:  
~€750 m targeted; ~€50 m lower yoy
- ~€100 m yoy lower **bonus payments** in FY 2024 (for 2023)
- NWC** outflow expected (vs inflow in 2023)
- Slightly lower **cash taxes** expected

1. Free cash flow conversion (FCF / adj. EBITDA) | 2. Cash outflow for investment in intangible assets, pp&e

# FY 2024 adj. EBITDA outlook by division<sup>1, 2</sup>

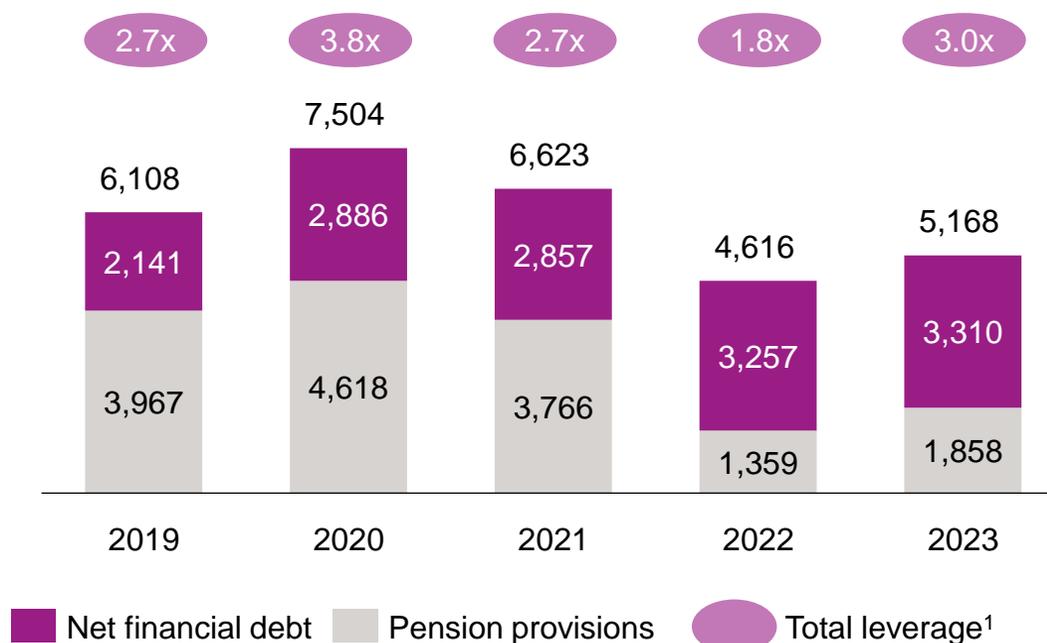
Specialty Additives	Nutrition & Care	Smart Materials	Performance Materials
 <ul style="list-style-type: none"> <li>▪ No broad-based recovery of demand, prod. volumes and capacity utilization assumed</li> <li>▪ First signs of recovery from coatings industry after prolonged period of destocking</li> <li>▪ Continued high competitive intensity (esp. Crosslinkers)</li> </ul>	 <ul style="list-style-type: none"> <li>▪ Animal Nutrition to benefit from healthy price level at least during H1 as well as operational efficiency program</li> <li>▪ Care Solutions with growth in Sustainable Specialties – supported by start-up of new biosurfactants plant</li> </ul>	 <ul style="list-style-type: none"> <li>▪ Assumption of no pronounced end market recovery</li> <li>▪ Slightly positive development in Inorganics</li> <li>▪ Polymers supported by increasing PA12 volumes and less maintenance costs</li> </ul>	 <ul style="list-style-type: none"> <li>▪ Continued low demand level assumed in C4</li> <li>▪ Modest recovery in prices and margins from trough levels</li> <li>▪ Some support from lower energy costs</li> </ul>
<p><b>“around prior-year level”</b> (2023: €673 m)</p>	<p><b>“considerably above prior-year level”</b> (2023: €389 m)</p>	<p><b>“slightly above prior-year level”</b> (2023: €540 m)</p>	<p><b>“above prior-year level”</b> (2023: €111 m)</p>

1. Unchanged portfolio vs. year-end 2023 (Performance Materials incl. Superabsorber)

2. “Service dividend” paid to the divisions by Technology & Infrastructure in the past (-€82 m in FY 2023) will no longer be paid; as a result, earnings at Technology & Infrastructure to increase in 2024 compared to the previous year, while earnings in the operating divisions will decrease proportionately (previous year's figures not adjusted)

# Development of debt and leverage over time

(in € m)



<b>Adj. net debt<sup>2</sup></b>	5,858	7,254	6,373	4,366	4,918
<b>Adj. EBITDA (last 12 months)</b>	2,153	1,906	2,383	2,490	1,656
<b>German pension discount rate (%)</b>	1.30	0.90	1.30	4.10	3.50

1. Adj. net debt / adj. EBITDA | 2. Net financial debt – 50% hybrid bond + pension provisions  
 3. (Net financial debt – 50% hybrid bond) / adj. EBITDA | 4. Before impairment

## Net financial debt (€3,310 m)

- Net financial debt yoy broadly stable
- Lower adj. EBITDA leading to increase of net financial debt leverage to 1.8x<sup>3</sup>

## Pension provisions (€1,858 m)

- Long-dated pension obligations with ~14 years duration
- ~€500 m / ~€700 m higher pension provisions yoy / qoq due to decrease of pension discount rates (in Germany from 4.1% / 4.4% to 3.5%)
- Pension provisions partly balanced by corresponding deferred tax assets of ~€0.6 bn<sup>4</sup>

## Divisional overview by quarter

Sales (in € m)	Q1/22	Q2/22	Q3/22	Q4/22	FY 2022	Q1/23	Q2/23	Q3/23	Q4/23	FY 2023
Specialty Additives	1,049	1,116	1,113	906	<b>4,184</b>	921	906	882	811	<b>3,520</b>
Nutrition & Care	1,038	1,027	1,062	1,111	<b>4,237</b>	886	893	924	908	<b>3,611</b>
Smart Materials	1,284	1,335	1,365	1,256	<b>5,240</b>	1,188	1,119	1,100	1,054	<b>4,461</b>
Performance Materials	844	945	797	666	<b>3,253</b>	707	694	616	532	<b>2,549</b>
T&I / Other	283	349	541	401	<b>1,574</b>	303	274	249	300	<b>1,126</b>
<b>Evonik Group</b>	<b>4,498</b>	<b>4,772</b>	<b>4,878</b>	<b>4,340</b>	<b>18,488</b>	<b>4,005</b>	<b>3,886</b>	<b>3,771</b>	<b>3,604</b>	<b>15,267</b>

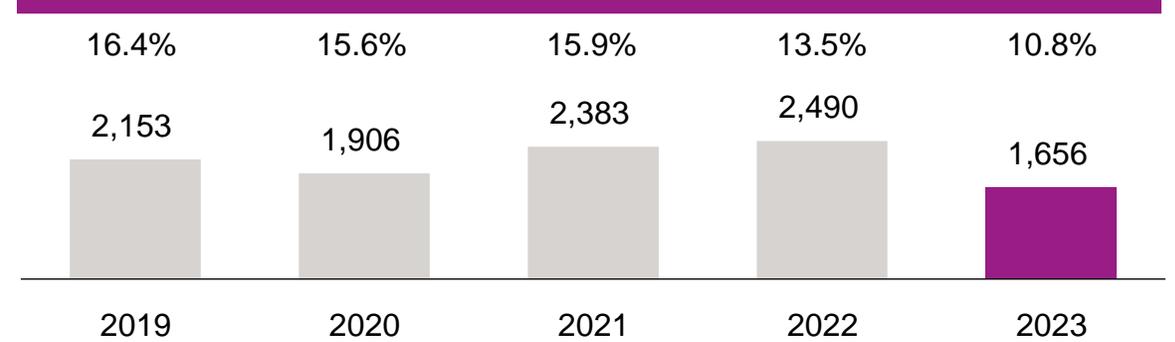
Adj. EBITDA (in € m)	Q1/22	Q2/22	Q3/22	Q4/22	FY 2022	Q1/23	Q2/23	Q3/23	Q4/23	FY 2023
Specialty Additives	252	263	243	188	<b>946</b>	168	199	173	134	<b>673</b>
Nutrition & Care	222	185	148	122	<b>677</b>	76	71	127	115	<b>389</b>
Smart Materials	212	219	188	124	<b>743</b>	164	122	135	119	<b>540</b>
Performance Materials	82	142	63	63	<b>350</b>	37	45	34	-4	<b>111</b>
T&I / Other	-33	-81	-27	-85	<b>-226</b>	-36	13	16	-50	<b>-57</b>
<b>Evonik Group</b>	<b>735</b>	<b>728</b>	<b>615</b>	<b>413</b>	<b>2,490</b>	<b>409</b>	<b>450</b>	<b>485</b>	<b>312</b>	<b>1,656</b>

# Five-year financial review

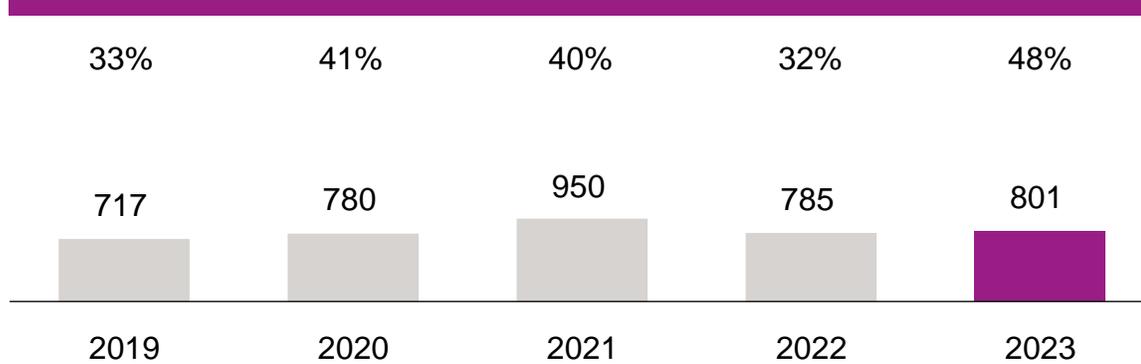
## Sales (in € bn)



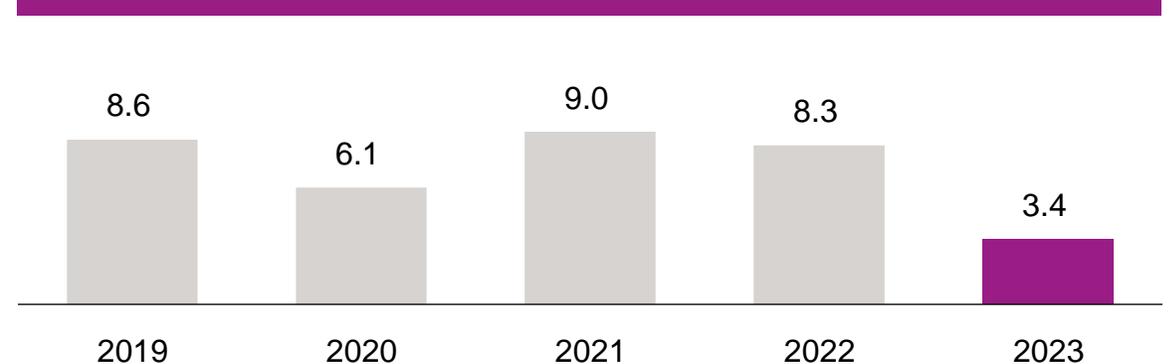
## Adj. EBITDA / Margin (in € m / in %)



## Free Cash Flow / Cash Conversion (in € m / in %)



## ROCE (in %)



# Appendix

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1. Evonik at a glance
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- 4. IR team and further presentations**

# Discover more in our presentations and factbooks

**Evonik**  
**Leading Beyond Chemistry**  
Q3 2023  
Earnings Conference Call  
November 7<sup>th</sup>, 2023  
Christian Kullmann, Chief Executive Officer  
Maiko Schuh, Chief Financial Officer

## Q4 / FY Earnings Conference Call Presentation

**Evonik**  
**Leading Beyond Chemistry**  
Company Factbook  
2023



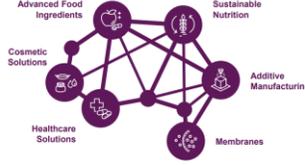
## Evonik Company Factbook

**Sustainability at  
Evonik.**  
2023  
NEXTGEN ✕



## Sustainability Factbook

**Innovation at Evonik**  
Evonik Innovation Growth Fields  
Overview  
2023  
NEXTGEN ✕



## Innovation Factbook

# Upcoming IR events

## Conferences & roadshows

<b>May 14, 2024</b>	London Roadshow
<b>May 14, 2024</b>	Citi Chemicals Conference, London
<b>May 14, 2024</b>	UBS virtual Best of Europe Conference
<b>May 15, 2024</b>	Stifel German Corporate Conf., Frankfurt
<b>May 23, 2024</b>	Paris Roadshow

## Upcoming reporting dates & events

<b>May 8, 2024</b>	Q1 2024 Reporting
<b>June 4, 2024</b>	Evonik Annual General Meeting
<b>August 1, 2024</b>	Q2 2024 Reporting
<b>November 6, 2024</b>	Q3 2024 Reporting

# Evonik Investor Relations team

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**EVONIK**

**Leading Beyond Chemistry**